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MEMORANDUM

TURKEY: PROBLEMS FOR ECEVIT

The year-old Ecevit government is relatively cohesive by recent Turkish standards, and it has moved more vigorously than its predecessor on many of the problems, foreign and domestic, facing it. None of the problems is close to resolution, however, and Ecevit, with only a razor-thin parliamentary majority, has little leeway for the politically risky moves that almost certainly are necessary. His room for maneuver will be further reduced by the factional discontent that has begun to appear among his supporters. This discontent is not yet strong enough to unseat him, but he will have to devote more attention to it in the coming months. [REDACTED]

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Ecevit will try to temporize where he can. In particular, this means that although he will be looking for substantial and concrete assistance from the West to help him through his difficulties, he will be reluctant to give him domestic opponents any ammunition by showing too much flexibility on the disputes between Greece and Turkey. Temporizing is not an easy option for him on domestic issues such as political violence and Turkey's parlous economic situation, where inaction could carry as many risks as action. [REDACTED]

Foreign Policy Challenges

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The issues confronting Ecevit in the foreign policy field are formidable enough:

- The Cyprus problem, recently complicated (from the Turkish point of view) by the introduction of the US "non-paper";
- The Aegean dispute, centering on questions of sovereignty and security which both Greece and Turkey consider critically important;
- Greek reintegration in the military wing of NATO, an issue where the Turks hold strong cards but are inhibited by a reluctance to alienate their allies;
- Renegotiation of the base and defense cooperation agreements with the US. [REDACTED]

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State Department review completed

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[REDACTED]

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None of these issues has much chance of being resolved unless Ecevit (along with the leaders of the other countries involved, to be sure) spends some of his domestic political capital. He will do this only grudgingly, since he almost certainly calculates that this capital should be saved for the pressing domestic problems that have a more direct bearing on his own position. [REDACTED]

ECONOMIC TROUBLES

The Turkish economy, plagued with a chronic shortage of foreign exchange, is in bad shape. The cost of debt service totaled \$500 - \$600 million in 1978, equal to more than 25 percent of Turkish exports of goods and services. The shortage of foreign exchange has seriously affected imports of raw materials and spare parts, causing cutbacks in industrial production. Real GNP showed little or no growth in 1978. Unemployment is around 20 percent and is worsening. Inflation is running at an annual rate of over 50 percent and shows no sign of abating. [REDACTED]

International banks have agreed to reschedule about 85 percent of the \$2.5 billion owed by Turkey in convertible lira deposits and bankers' credits. Altogether, Ankara has managed to reschedule about 60 percent of its short-term debt, and a total of \$360 - \$370 million in new money has been raised by foreign banks in an effort to put together a syndicated loan. However, some \$1.5 - \$2.0 billion in non-guaranteed debt which Turkish importers owe to foreign suppliers remains outstanding. [REDACTED]

The government has taken no significant measures to cope with the economic crisis since its second tranche drawing from the International Fund in September. The Fund is dissatisfied with Ankara's previously enacted stabilization measures and their implementation. Without further measures--perhaps another devaluation, tighter credit controls and restraint on wage increases--Turkey is unlikely to qualify for the third tranche drawing which was due in November. If the IMF continues to withhold third tranche disbursement, foreign banks may well withhold the syndicated loan or further new credits. [REDACTED]

The measures needed to get Turkey's economy back on track would keep economic activity depressed through 1979. In the absence of such measures, however, another sizable current account deficit looms, and new financing would be hard to obtain. In any case, inflation will remain a serious problem. [REDACTED]

POLITICAL VIOLENCE

Violent clashes in the cities between leftist and rightist extremists, together with clashes among Kurdish factions and between Kurds and security forces in eastern Turkey, were already something of a way of life before Ecevit assumed the premiership last January. The increase in political

violence since he came to power, however, is striking. It is occurring in the face of a fairly vigorous effort to bring it under control: most recently the government sharply increased the number of gendarmerie troops patrolling the cities.

It is too early to tell whether the efforts of the gendarmerie will have an appreciable effect on the vendettas between left and right, but the chances that the government can get to the root of the problem by such measures alone are not good. Ecevit is reluctant to take the far-reaching measures such as martial law that may be necessary, either through fear of compromising his democratic bona fides or through a reluctance to share power with the military, or both. [REDACTED]

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Nor is there much chance that the violence in eastern Turkey can be stopped. Unrest in the east is not the sort of problem that by itself would bring down a government in Ankara, but it is a constant distraction and a long-term drain on the government's resources. [REDACTED]

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POLITICAL FALLOUT

So far, neither the economic troubles nor the violence has had the political effect that might be anticipated in most Western countries. The reasons are complex:

--The violence has by and large involved only small segments of the population, with one extremist group targeting another. The government has not come under direct attack, nor have there been any manifestations of mass discontent.

--In a relatively undeveloped country like Turkey, economic expectations are low and there are ways of making do.

--Ecevit has conveyed an impression that he is at least trying to deal with the situation; sentiment is fairly widespread that any likely successor would do no better and could well do worse.

--Ecevit's supporters, many of whom show a strong streak of political opportunism, believe that for the time being at least they are better off working with him than against him. [REDACTED]

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Ecevit's options are narrowing, however. According to US Embassy reports, discontent with the government's performance on either the economic or the internal security front (or both) is growing. Moreover, the government will find it increasingly hard to fend off outside pressure for further austerity measures, which are sure to be unpopular. At the same time, grumbling within his own Republican Peoples Party (RPP) is on the rise. This unhappiness has little ideological content; it is much more the displeasure of professional politicians, many with independent political bases, over Ecevit's tendency to ignore them in favor of a coterie of advisers who are dependent on him. [REDACTED]

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25X1 The intraparty grumbling does not pose an immediate threat to Ecevit's position. The malcontents are not united, the factions they control are relatively small, and they can offer no credible alternative to Ecevit either as prime minister or as party chief. Ecevit, an astute political manipulator, has already moved to mollify them by consulting more frequently with them. [REDACTED]

The discontent is not likely to go away, however. To some extent it is simply the result of the wear and tear of holding office, and in this respect it probably is inevitable--particularly in a country with such a strong tradition of political fractiousness. From now on Ecevit will have to spend more time keeping his political fences mended, and he will want to avoid giving potential opponents any issue they can use against him. He doubtless realizes that given his government's two-vote parliamentary majority, a move against him could quickly assume bandwagon proportions. [REDACTED] 25X1

The political successes that would strengthen his position will be hard to come by, and Ecevit may decide that his need for an event that can be touted as a political triumph outweighs the advantages of temporizing in the foreign policy field, especially if it can evoke badly needed foreign economic assistance. In this case the issue on which Ecevit would be likeliest to show flexibility would be Cyprus. Many Turks are weary of the Cyprus problem, and Ecevit is credited with reversing Turkish fortunes there by his decisive intervention in 1974. Even in this case, however, the Turks would give ground grudgingly while continuing to make it clear that they expect extensive Western assistance, particularly in the economic field. [REDACTED] 25X1

Neither Western aid nor Ecevit's own efforts, however, are likely to produce an early amelioration of Turkey's domestic problems. These, either by themselves or in conjunction with the factionalism that has already surfaced among his supporters, will probably trigger a serious challenge to the government's stability at some point. The shape of such a challenge is not clear: riots stimulated by economic conditions, a switch from intramural political violence to acts against the government, or--perhaps less likely--the emergence of a political figure either inside or outside the RPP who could unite Ecevit's opponents are three possibilities. What does seem clear is that Ecevit's second year in office is likely to be much less easy than his first. [REDACTED] 25X1

Enter the Military?

The Turkish military has an almost mystical sense of its mission as the final guardian of the Ataturk tradition, and it has intervened twice before when it believed Ataturk's legacy was in danger: once to oust the increasingly authoritarian Menderes government in 1960, and once to oust the increasingly ineffective Demirel government in 1971.

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25X1 Partly because of its experience on those occasions, however, it has become more and more reluctant to assert itself directly in the political arena. Although there is a fair amount of grumbling within the officer corps over the economy and the internal security situation, few officers appear confident that a military administration could improve on Ecevit's performance. This attitude probably would change only if there was a considerable deterioration--widespread worker unrest, for example--or if the military believed Ecevit was not being responsive to its corporate interests or to its interpretation of the country's needs. It would be far likelier, and more in keeping with the degree of confidence Ecevit has established between himself and the military (in part by installing loyalists to senior positions), for military opinion to operate as one factor pushing Ecevit toward stronger measures. These might even include martial law despite the military's (and Ecevit's) distaste for it. [REDACTED]

The Iran Factor

25X1 Events in Iran have had little direct effect on the Turks. Although they have little love for the Shah, who they believe has been less than generous in Turkey's hour of financial need, they consider stability under the Shah far preferable to instability with or without him. Turkey has its share of religious conservatives, but few Turks expect them to become the political force they now are in Iran. The Turks appear to have given little thought to the possibility of Soviet involvement in recent events in Iran, and there is not likely to be any change in Ankara's cautious efforts at rapprochement with Moscow. [REDACTED]

The unrest in Iran has had one clear result, however: it has made Ecevit more confident that the West will give considerable weight to Turkey's importance and will be more forthcoming with its aid. [REDACTED] 25X1

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